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Message Text

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ACTION XMB-07

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FM AMEMBASSY WELLINGTON
TO SECSTATE WASHDC 6776

UNCLAS WELLINGTON 1577

EO 11652: N/ A
TAGS: EFIN NZ
SUBJ: POSSIBLE EX- IMBANK ONE MILLION DOLLAR
FINANCING FOR U. S. CAPITAL EQUIPMENT SALE

1. DIRECTOR AND GENERAL MANAGER OF SOUTH PACIFIC MERCHANT FINANCE LTD., MR. JAMES B. MACAULAY (ON LOAN FROM THE NATIONAL BANK OF NEW ZEALAND LTD.), DISCUSSED WITH EMBASSY ECON OFFICER A DOLS NZ9.5 MILLION VENTURE UNDERWAY FOR THE ESTABLISHMENT OF A FIBRE- BOARD PLANT. PRIVATE COMPANY, CANTERBURY TIMBER PRODUCTS LIMITED, BEING INCORPORATED WITH INITIAL CAPITAL OF DOLS NZ 2,850,000. PRINCIPAL INTENDED SHAREHOLDERS WILL BE: REESE BROS. GROUP, OLD ESTABLISHED BUSINESS WITH INTERESTS IN TIMBER, BUILDERS' SUPPLY MERCHANTS, FLOORING PLASTICS, TAKING DOLS NZ750,000 (SEE WTDR 102 OF 10/70); ASSOCIATED BRITISH CABLES LTD. (SEE WTDR 108 OF 02/72) AND M. S. D. SPEIRS (SEE WTDR 36 OF 09/72) EACH FOR NZ DOLS 580,000; SOUTH PACIFIC MERCHANGE FINANCE LTD. FOR DOLS NZ 200,000; ADDINGTON TIMBER CO. LTD FOR DOLS NZ100,000 (WTDR' S IN PREPARATION) AND DR. O. F. HAYLOCK DOLS NZ250,000.

2. TECHNICAL AGREEMENTS WILL BE SIGNED WITH COLUMBIA ENGINEERING INT' L. LTD . OF VANCOURVER, BC., CANADA, AND DEBIRATOR A. B. , STOCKHOLM. THEY WILL
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CONTRIBUTE PLANT AND PROCESS DESIGN, PLACEMENT OF PLANT ORDERS TO SPECIFICATION, ASSEMBLY TECHNIQUES, PRODUCTION ENGINEERING, PERFORMANCE GUARANTEES AND GENERAL FULL TECHNICAL SERVICE.

3. PLAN IS TO PURCHASE THE FORMING AND PRESS MACHINERY VALUED AT DOLS NZ1,714,000 FROM WASHINGTON IRON WORKS, SEATTLE, AS THIS IS CONSIDERED BEST IN THE FIELD FOR FIBREBOARD MFG.

4. MR. MACAULAY SAID THREE STUDIES HAD BEEN DONE ON PROJECT, INCLUDING FEASIBILITY AND ACCOUNTANTS STUDY. ALL WERE VERY FAVORABLE. HE WAS INTERESTED IN ASCERTAINING POSSIBILITY OF GETTING EX- IMBANK MEDIUM TERM FINANCING FOR ABOUT DOLS NZ1,000,000 FOR PURCHASE OF FORMING AND PRESS MACHINERY. HE EXPLAINED THAT THOUGH WHOLE PROJECT HAD BEEN IN PREPARATION FOR SOME TIME THEY WERE NOW ABOUT TO REACH POINT OF LAUNCHING PROJECT. THEY HAVE OPTION ON ORDER OF MACHINERY FROM WASHINGTON IRON WORKS WHICH THEY HAVE TO GIVE FINAL WORD ON BY JULY 15 THEREFORE QUESTION OF EX- IM BANK FINANCING WAS A MATTER OF URGENCY. IF THE MACHINERY PURCHASE WERE DELAYED, TIMING WHOLE PROJECT WOULD BE CONSIDERABLY DELAYED.

5. MACAULAY INQUIRED WHETHER HANDLING TRANSACTION VIA NATIONAL BANK OF NEW ZEALAND, OLD ESTABLISHED BANK, MIGHT BE FASTER. ECON OFFICER REVIEWED PRESENT EX- IMBANK PROGRAMS FOR ASSISTING EXPORT SALES U. S. PRODUCERS AND URGED PRINCIPALS CANTERBURY TIMBER PRODUCTS LIMITED CONTACT EX- IMBANK BY TELEX TO PRESENT PROPOSAL FOR URGENT CONSIDERATION.

6. EMBASSY READY ASSIST FURTHER AS NEEDED TO HELP EARLY FAVORABLE DECISION.
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